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Laventhol & Horwath
Certified Public Accountants

NATIONAL TREND OF BUSINESS

Lodging Industry

A SERVICE TO THE CLIENTS OF LAVENTHOL & HORWATH

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JANUARY 1986 COMPARED WITH JANUARY 1985

OCCUPANCY RATES SHOW SLIGHT INCREASE

The year 1986 began on a positive note, as occupancy rates for January 1986 stood at 55.0 percent, a 0.2 percent increase over January of 1985 on a seasonally unadjusted basis. This comes on the heels of a year in which occupancy rates dropped in each month when compared to the previous year. This optimistic news was not present throughout the country, as only the Southeast region experienced an increase. All the other four regions experienced minimal decreases.

Average room rates stood at $60.19 for the month of January, a modest 2.9 percent increase over January of last year. Total sales per room was $91.97 for the month, an increase of 2.1 percent. Rates in the Northeast region of the county continue to stand head and shoulders above the rest of the country with an average rate of $84.45.

Food and beverage operations indicated a 1.3 percent decrease in the number of covers served. The average receipt per cover rose to $9.47 in January, as compared with $9.17 last year.

For 1986, we are predicting a slight drop in room occupancy levels, although the unfortunate acts of terrorism overseas may lead to increased hotel business within the United States as fewer domestic travelers go overseas. Although results are still sketchy, the preliminary estimate from the US Travel & Tourism Administration within the Department of Commerce is that at least a 10 percent decrease in Americans traveling abroad this year can be expected.

* * *

We are pleased to announce the printing of a new publication, OUTLOOK, U.S. Lodging Industry 1986. This informative publication covers key developments in the lodging industry, and also provides expert analysis for major markets across the country. OUTLOOK can be obtained free of charge by contacting the Publications Department.

		Projections	Actual Last Year
MARCH	1986	67-70%	69.5%
APRIL	1986	67-70%	67.3%
MAY	1986	68-71%	67.9%

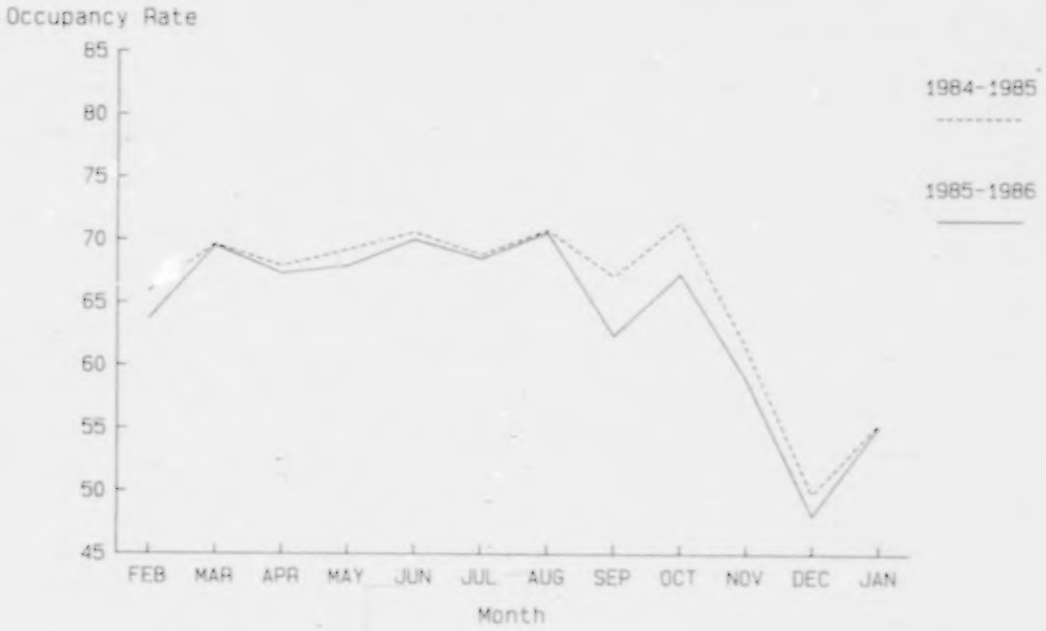
SEASONALLY ADJUSTED OCCUPANCY RATES FOR THE MAJOR CLASSIFICATIONS

	This Month	Percentage Changes*
TOTAL U.S.A.	63.2%	-0.3%
AFFILIATION:		
Chain	63.1	-0.5
Independent	53.6	-10.6
AREA:		
Northeast	68.1	-7.5
Southeast	67.3	4.6
North Central	59.6	-5.0
South Central	55.5	1.9
West	67.0	-0.2
LOCATION:		
Center City	61.3	-4.0
Suburban	62.4	.4
Highway	62.2	-4.1
Airport	66.0	-5.7
Resort	54.3	-9.6
SIZE:		
Under 150 rooms	63.3	2.2
150 to 299 rooms	61.7	0.0
300 to 600 rooms	63.1	0.7
Over 600 rooms	66.9	-3.7
TYPE:		
Hotel	63.6	-1.1
Motor Hotel	62.8	0.3
Economy	61.8	2.9

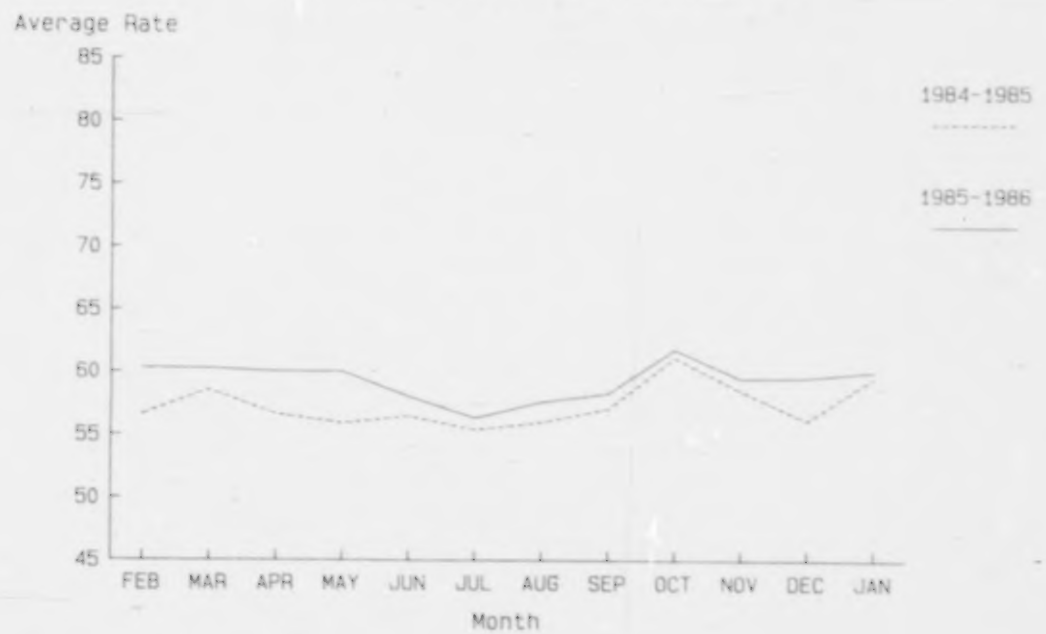
* FROM PREVIOUS MONTH

Mark Lomanno, Associate Director
Bill Evans, Research Analyst
Research and Development

NATIONAL OCCUPANCY RATES
FEBRUARY 1984 - JANUARY 1985
FEBRUARY 1985 - JANUARY 1986



NATIONAL ROOM RATES
FEBRUARY 1984 - JANUARY 1985
FEBRUARY 1985 - JANUARY 1986



Source: Laventhol & Horwath

STEADY GROWTH IN LODGING RECEIPTS

Lodging industry receipts for 1985 are estimated by L&H to have been $41.4 billion. This represents a 6.4 percent increase over the Census Bureau's 1984 estimate of $38.9 billion. In fact lodging industry receipts have risen 413 percent since 1972 when receipts stood at only $10.0 billion.

Listed below are estimates for lodging industry receipts from 1972 through 1985. These figures are gathered by the U.S. Bureau of Census except for the figure for 1985 which is an L&H estimate. Growth in these receipt's has been steady, in fact, in six of the last thirteen years there has been a double digest percentage increase when compared with the previous year. This is displayed in the percent change graph.

Also illustrated below and in the graph are receipt figures calculated in constant 1982 dollars. These figures show a significant increase in receipts since 1972, however not nearly as large as the current receipt estimates due to inflation. These constant dollar receipts are calculated using implicit price deflators obtained from Data Resources Incorporated.

Lodging Industry Receipts
(In billions)

	Current Dollars	Constant 1982 Dollars
1972	10.0	26.3
1973	11.0	27.6
1974	11.8	27.5
1975	13.0	28.4
1976	15.1	30.5
1977	16.4	30.6
1978	19.4	31.8
1979	22.2	31.5
1980	23.6	29.4
1981	27.8	31.0
1982	32.7	32.7
1983	35.9	34.2
1984	38.9	34.3
1985	41.4	34.1

Source: L&H, U.S. Bureau of Census, Data Resources Inc.

TREND REPORT JANUARY 1986 COMPARED WITH JANUARY 1985

	SALES PERCENT CHANGE				OCCUPANCY PERCENT		DOUBLE OCCUPANCY PERCENT		ROOM SALES PER OCCUPIED ROOM		TOTAL SALES PER OCCUPIED ROOM	
	TOTAL	ROOMS	F&B	OTHER	JAN	% CHG	JAN	% CHG	JAN	% CHG	JAN	% CHG
TOTAL	3.5	4.3	1.4	3.0	55.0	0.2	42.6	7.8	$ 60.19	2.9	$ 91.97	2.1
REGION:												
Northeast	0.5	1.5	-2.3	3.6	55.2	-2.6	30.8	10.8	$ 84.45	5.4	$129.50	4.4
Southeast	6.7	8.1	3.5	8.0	60.6	6.5	66.1	14.0	63.96	0.8	99.19	-0.5
North Central	1.2	1.6	0.1	0.1	48.3	-2.0	31.2	6.1	47.97	4.0	73.31	3.6
South Central	5.0	4.4	6.1	8.0	51.5	-0.4	34.0	3.3	51.84	3.7	75.48	4.3
West	3.0	4.3	-	-6.3	59.4	-1.8	40.1	-4.5	59.47	1.7	92.68	0.4
AFFILIATION:												
Chain	1.8	2.6	-0.5	0.9	55.3	-0.2	39.7	7.3	59.06	1.9	88.58	1.1
Independent	10.1	11.4	7.9	10.0	54.0	2.7	53.9	9.6	65.21	6.7	106.98	5.5
LOCATION:												
Center City	2.1	2.6	-0.3	3.5	51.1	-0.8	36.2	6.8	71.71	3.4	108.81	2.9
Suburban	0.7	1.6	-0.8	-2.2	54.7	-1.8	35.1	4.8	52.55	2.3	79.98	1.4
Airport	0.3	1.5	-1.4	-6.4	62.7	-1.6	25.2	-1.9	54.49	1.8	79.50	0.6
Highway	2.6	4.8	-4.2	-4.6	54.0	-0.6	46.1	4.1	41.30	2.8	56.61	0.6
Resort	11.1	12.1	9.2	12.9	60.0	8.1	80.3	10.9	77.66	1.6	132.70	0.8
SIZE:												
UNDER 150 ROOMS	3.6	5.0	-1.3	-4.7	53.7	-0.2	48.8	5.4	$ 39.88	3.4	$ 51.54	2.0
150 - 299 Rooms	3.0	3.6	-0.5	4.5	54.1	-0.7	38.7	5.7	54.33	3.5	82.58	2.8
300 - 600 Rooms	4.1	4.4	3.7	3.3	55.9	-	39.0	8.9	68.53	2.3	109.52	2.0
Over 600 Rooms	3.3	4.5	1.3	2.4	57.2	3.2	48.9	11.1	82.66	2.0	131.18	0.9
TYPE:												
Hotel	3.6	4.3	1.7	3.1	55.7	0.2	40.6	5.5	70.12	3.4	114.42	2.6
Motor Hotel	1.8	2.7	-1.3	1.2	54.6	-	43.2	12.8	47.24	1.7	63.80	0.7
Economy	7.5	7.2	19.1	11.2	50.7	1.4	59.1	7.3	29.53	3.1	30.72	3.4
All Suites	10.8	10.5	9.3	10.0	59.5	3.5	52.6	14.6	82.93	2.9	113.48	3.2

* INSUFFICIENT RESPONSE
\- NO CHANGE

TWELVE MONTH TREND REPORT - AS OF JANUARY 1986

	SALES PERCENT CHANGE				OCCUPANCY PERCENT		DOUBLE OCCUPANCY PERCENT		ROOM SALES PER OCCUPIED ROOM		TOTAL SALES PER OCCUPIED ROOM	
	TOTAL	ROOMS	F&B	OTHER	JAN	% CHG	JAN	% CHG	JAN	% CHG	JAN	% CHG
TOTAL	1.8	2.4	-	3.8	64.3	-2.0	51.8	1.8	$ 59.17	4.1	$ 89.44	3.5
REGION:												
Northeast	1.7	3.2	-2.8	6.7	70.2	-3.3	42.1	1.9	$ 84.21	6.9	$124.50	5.3
Southeast	3.6	3.8	2.7	4.4	66.7	0.2	83.6	0.4	60.56	3.0	93.94	2.7
North Central	4.6	6.2	1.2	5.2	62.7	-0.6	40.0	1.5	48.33	6.3	74.92	4.8
South Central	-3.0	-2.9	-3.8	1.2	56.7	-5.2	39.6	-1.2	51.61	1.9	76.25	1.8
West	2.4	2.5	2.3	-	68.1	-1.4	49.3	3.8	57.92	3.4	87.38	3.3
AFFILIATION:												
Chain	1.5	2.2	-0.5	3.2	64.7	-2.3	48.3	0.8	58.47	4.2	86.99	3.5
Independent	2.9	3.1	1.9	6.1	62.6	-0.6	65.3	4.0	62.72	3.6	101.48	3.4
LOCATION:												
Center City	1.3	2.1	-1.2	4.1	62.7	-2.0	44.0	1.9	72.50	4.9	110.11	4.1
Suburban	1.4	2.2	-0.8	2.2	63.8	-2.7	41.4	1.7	52.24	4.3	78.68	3.5
Airport	2.7	3.3	0.9	5.0	67.8	-1.7	31.5	-2.2	54.39	4.0	80.96	3.3
Highway	1.3	1.7	-	-1.1	64.3	-2.4	58.5	2.8	40.94	3.3	55.82	2.8
Resort	3.4	3.4	2.9	6.0	66.0	-0.6	102.3	1.2	72.28	3.1	120.39	3.1
SIZE:												
UNDER 150 ROOMS	1.6	2.2	-0.8	2.1	64.9	-1.5	60.2	1.2	$ 40.33	3.4	$ 52.83	2.7
150 - 299 Rooms	0.8	1.4	-0.8	1.7	63.6	-3.2	47.8	3.2	52.62	4.3	78.30	3.7
300 - 600 Rooms	2.5	2.9	1.5	3.4	62.6	-1.9	46.0	1.8	65.11	3.6	103.32	3.2
Over 600 Rooms	2.3	3.2	-0.4	6.2	67.3	-0.6	57.3	0.7	83.75	4.7	131.55	3.8
TYPE:												
Hotel	2.0	2.8	0.2	3.8	64.2	-1.7	48.2	1.7	69.29	4.5	111.84	3.7
Motor Hotel	1.2	1.7	-0.9	3.8	64.3	-2.9	54.7	2.1	47.69	3.6	64.85	3.1
Economy	2.8	2.8	1.9	3.3	64.1	-1.4	71.2	1.3	30.16	3.7	31.31	3.7
All Suites	1.0	0.2	4.4	6.5	67.6	-4.0	83.1	0.4	73.51	2.1	88.70	2.9

* INSUFFICIENT RESPONSE
\- NO CHANGE

FOOD AND BEVERAGE REPORT - JANUARY 1986 COMPARED WITH JANUARY 1985

	F&B SALES PER OCCUPIED ROOM		AVERAGE RECEIPT PER COVER		FOOD COST PERCENT OF FOOD SALES		BEV COST PERCENT OF BEV SALES		F&B PAYROLL PERCENT OF F&B SALES		F&B PAYROLL PER COVER		NUMBER COVERS SERVED
	1986	1985	1986	1985	1986	1985	1986	1985	1986	1985	1986	1985	% CHG
TOTAL	$36.65	$36.27	$ 9.47	$ 9.17	0.35	0.35	0.22	0.22	51.8	51.9	$ 6.91	$ 6.77	-1.3
REGION:													
Northeast	$42.80	$42.19	$10.78	$10.76	0.34	0.34	0.21	0.20	59.0	59.3	$ 8.96	$ 8.97	-2.2
Southeast	37.49	38.93	9.82	9.51	0.35	0.35	0.23	0.22	45.1	44.9	6.41	6.40	2.9
North Central	33.33	32.22	8.20	7.99	0.36	0.37	0.23	0.24	53.1	51.9	5.85	5.73	-0.3
South Central	27.58	25.94	8.09	7.82	0.36	0.36	0.22	0.21	47.9	50.1	5.89	5.76	-
West	42.63	42.32	10.13	9.57	0.34	0.34	0.23	0.22	54.9	53.8	7.61	7.08	-5.5
AFFILIATION:													
Chain	33.22	33.29	9.05	8.91	0.35	0.35	0.21	0.21	51.8	51.3	6.63	6.52	-1.9
Independent	54.02	52.01	10.91	10.06	0.35	0.36	0.25	0.24	51.7	54.2	7.97	7.74	0.7
LOCATION:													
Center City	38.19	37.69	10.53	10.33	0.34	0.33	0.22	0.21	58.6	57.9	8.65	8.32	-3.4
Suburban	29.97	29.47	8.08	7.96	0.37	0.36	0.22	0.22	48.5	48.4	5.64	5.64	-1.6
Airport	28.42	28.61	8.18	7.74	0.35	0.35	0.22	0.22	47.7	44.9	5.49	4.92	-5.1
Highway	27.60	28.76	7.78	7.69	0.37	0.37	0.23	0.23	46.6	44.2	4.73	4.48	-4.2
Resort	55.82	56.22	11.23	10.67	0.34	0.36	0.22	0.22	47.0	50.9	7.21	7.82	9.0
SIZE:													
UNDER 150 ROOMS	$34.29	$34.04	$ 7.69	$ 7.38	0.38	0.39	0.25	0.25	45.9	45.9	$ 4.65	$ 4.56	-4.1
150 - 299 Rooms	30.15	29.79	8.09	8.03	0.37	0.36	0.24	0.24	49.8	48.9	5.76	5.68	0.3
300 - 600 Rooms	38.89	38.06	10.04	9.43	0.34	0.34	0.22	0.22	52.3	52.9	7.36	7.03	-1.5
Over 600 Rooms	43.90	44.49	11.29	11.12	0.33	0.33	0.20	0.19	54.4	55.1	8.77	8.80	-2.1
TYPE:													
Hotel	41.43	40.89	9.87	9.53	0.35	0.35	0.22	0.22	51.9	51.9	7.16	6.95	-1.5
Motor Hotel	23.30	23.41	7.57	7.50	0.37	0.37	0.22	0.22	49.3	48.0	5.39	5.25	-1.4
Economy	6.40	7.50	3.68	3.53	0.36	0.36	*	*	*	*	*	*	27.7
All Suites	64.75	61.07	17.31	15.36	0.30	0.35	0.27	0.26	60.1	71.7	15.48	17.13	-0.7

* INSUFFICIENT RESPONSE
\- NO CHANGE

TWELVE MONTH FOOD AND BEVERAGE REPORT - AS OF JANUARY 1985

	F&B SALES PER OCCUPIED ROOM		AVERAGE RECEIPT PER COVER		FOOD COST PERCENT OF FOOD SALES		BEV COST PERCENT OF BEV SALES		F&B PAYROLL PERCENT OF F&B SALES		F&B PAYROLL PER COVER		NUMBER COVERS SERVED
	1986	1985	1986	1985	1986	1985	1986	1985	1986	1985	1986	1985	% CHG
TOTAL	$33.52	$32.87	$ 9.32	$ 8.92	0.33	0.34	0.22	0.22	46.8	46.3	$ 6.09	$ 5.82	-3.0
REGION:													
Northeast	$37.93	$37.67	$11.31	$10.86	0.31	0.32	0.20	0.20	51.7	50.3	$ 8.42	$ 7.89	-6.0
Southeast	33.34	32.65	9.28	8.91	0.33	0.34	0.22	0.22	42.6	42.0	5.71	5.43	-0.6
North Central	32.56	32.16	8.43	8.01	0.34	0.35	0.22	0.22	43.8	43.6	4.98	4.78	-2.2
South Central	27.18	26.82	8.37	8.10	0.34	0.35	0.22	0.23	47.1	47.2	5.77	5.61	-6.5
West	37.23	36.00	9.42	8.96	0.33	0.34	0.22	0.21	48.7	48.2	5.97	5.71	-1.3
AFFILIATION:													
Chain	31.11	30.54	9.10	8.73	0.33	0.33	0.21	0.21	47.1	46.4	6.06	5.78	-3.4
Independent	46.69	45.87	10.12	9.64	0.35	0.35	0.23	0.23	45.2	45.6	6.18	5.98	-1.8
LOCATION:													
Center City	36.37	35.76	10.50	10.04	0.31	0.32	0.21	0.21	50.3	50.0	7.48	7.11	-4.9
Suburban	29.00	28.61	8.31	8.01	0.35	0.35	0.22	0.23	45.3	44.8	5.31	5.11	-2.5
Airport	28.27	27.75	8.37	7.96	0.34	0.34	0.22	0.22	44.3	43.5	5.01	4.81	-2.0
Highway	25.72	25.27	7.70	7.30	0.37	0.38	0.23	0.24	43.2	41.5	4.54	4.24	-2.9
Resort	47.39	45.89	9.93	9.56	0.34	0.35	0.21	0.21	42.7	42.3	5.60	5.35	-0.5
SIZE:													
UNDER 150 ROOMS	$32.48	$32.07	$ 7.28	$ 7.02	0.37	0.38	0.25	0.25	43.1	41.9	$ 4.18	$ 3.98	-3.4
150 - 299 Rooms	26.96	26.28	8.00	7.71	0.35	0.35	0.23	0.23	45.1	43.8	5.03	4.76	-2.8
300 - 600 Rooms	35.16	34.46	9.73	9.27	0.33	0.34	0.22	0.22	48.5	48.7	6.59	6.37	-1.6
Over 600 Rooms	41.51	41.11	11.56	11.02	0.30	0.31	0.19	0.19	47.4	47.1	7.79	7.36	-5.4
TYPE:													
Hotel	38.57	37.84	9.90	9.47	0.33	0.33	0.21	0.22	47.3	47.0	6.54	6.26	-3.2
Motor Hotel	22.56	22.21	7.43	7.15	0.35	0.36	0.22	0.22	43.9	42.3	4.57	4.30	-2.6
Economy	6.44	6.32	3.31	3.24	0.33	0.34	*	*	34.5	39.5	*	*	-0.3
All Suites	27.82	25.43	13.29	12.43	0.33	0.36	0.25	0.26	61.8	69.0	12.31	12.68	-4.1

* INSUFFICIENT RESPONSE